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UNCLAS SECTION 01 OF 02 PORT OF SPAIN 000185

SIPDIS

SENSITIVE  
SIPDIS

STATE FOR WHA/EPSC, WHA/CAR, EBB/TPP AND INR/IAA

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TAGS: [EAGR](#) [PGOV](#) [ECON](#) [EFIN](#) [ETRD](#) [ECIN](#) [TD](#)

SUBJECT: RISING FOOD PRICES PROVOKE POLITICAL AND PUBLIC CONCERN

Ref: 07 POS 278

SENSITIVE BUT UNCLASSIFIED - PROTECT ACCORDINGLY

¶1. (SBU) SUMMARY: Against the backdrop of rising food prices and shortages, the GOTT is under pressure to address the "food crisis." The spike in prices, now a staple of headline writers, is straining low and middle income families. The opposition asserts government neglect of agriculture is the main culprit, but the GOTT blames global supply and demand and factors such as biofuel growth. Seeking to deflect some of the political heat, the Prime Minister and other GOTT leaders are increasingly speaking out on the issue and raising it in CARICOM fora. Even if the "crisis" subsides, the GOTT may insist on its inclusion in Summit of the Americas documents. END SUMMARY.

¶2. (SBU) Soaring food prices, flour and rice shortages, and isolated looting have pushed food security and affordability to the top of the political agenda, now rivaled only by concerns over rampant crime. In a nationally televised address April 2, Prime Minister Patrick Manning cited climate change, the biofuel growth, and "increasing demand as economies grow in the East" as fueling price increases. While the most recent Central Bank figures estimate year-on-year inflation to be 9.4% for February 2008, food prices increased by 18.8%, with fruits, milk, cheese, and egg prices spiking more than 30%. On the heels of nationwide flour shortages, the country's major flourmill also announced price increases ranging from 8% to 39% effective April 1.

¶3. (SBU) Food price inflation has been a serious issue for the GOTT for more than a year. In August 2007, it convened a "national consultation" on food prices, after which it highlighted several initiatives, including a joint agricultural project with Cuba to boost local food production (reftel) that reportedly will get under way within a month. Since these consultations, the initiatives have largely disappeared or been delayed, raising public ire.

¶4. (SBU) Faced with mounting criticism over the lack of progress, Manning outlined the government's comprehensive plan to address food prices on April 2. It includes "increased production of food through the creation of seven thousand new farms from the lands of the former Caroni 1975 Ltd, and the establishment of sixteen farms ... for large scale production of food for both local consumption and export" as well as a greenhouse demonstration project led by PCS Nitrogen. [NOTE: Caroni ceased operations in 2004. Since that time, the GOTT has promised to develop these once sugar lands for agricultural purposes and distribute them to the company's former workers. END NOTE]

¶5. (U) The GOTT is also working with CARICOM nations to reduce food prices. At a recent meeting in Barbados, regional leaders agreed to decrease or remove the common external tariff (CET) on a range of food imports. There are also plans to develop large tracts of land in Guyana under the Jagdeo Initiative, and a GOTT-funded feasibility study for expanding regional ferry service to decrease

transportation costs in the southern Caribbean.

¶6. (SBU) While the PM blames external forces for rising prices, UNC opposition leader Basdeo Panday has criticized the GOTT for neglecting agriculture. Specifically, he has highlighted the GOTT's allocation of potential agricultural lands for residential development as well as the GOTT's failure to convert fallow sugarcane fields into farmlands. Panday and others, including local business contacts, point to the GOTT's inability to address inefficiencies at the nation's port as well as inadequacies in the local transportation network. For their part, local rice farmers recently criticized the GOTT's "make-work" employment programs for attracting unskilled labor away from agriculture and its alleged favoritism towards industry as undermining the viability of agriculture.

¶7. (SBU) In a discussion on the food situation, John Spence, a retired University of the West Indies botany professor, told us that he does not believe the GOTT's proposals will help ameliorate the current problem. Spence criticized the lack of transparency in GOTT decision-making on agriculture and labeled its thrust short sighted and unsystematic. Unsurprisingly, he expects the GOTT strategy will fail.

¶8. (SBU) COMMENT: Public outcry over the rising cost of food now rivals crime as the main political headache for the GOTT. Critics charge that its alleged slowness to address the problem stems, in part, from the historical proclivity of some agricultural areas to vote with the opposition. This "political blindness" may be aggravated by the ruling PNM's vision to make T&T a first world state by 2020 -agriculture fits less well in this vision than the tall buildings going up along the capital's waterfront.

¶9. (SBU) Nonetheless, the problem is now too large to ignore, at

PORT OF SP 00000185 002 OF 002

least on a political level. Manning felt compelled, for example, to again comment on April 17, telling reporters the GOTT would not subsidize food and that Consumer Affairs Minister Peter Taylor would soon explain government food plans. The relative prosperity of T&T does make price increases manageable for many, but it also disproportionately impacts those in society's lower rungs, especially when combined with announced increases in electricity and water rates and the government's decision to maintain the value added tax on some food products. While the rioting that has hit some countries has not been seen here, there have been a couple of food trucks looted, though in an area where the sacking of stopped vehicles is not uncommon. We do not expect this issue to disappear, suggesting that the GOTT will raise food security, biofuels and related issues in discussions leading up to the Summit of the Americas. END COMMENT

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